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BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF WASHINGTON

In the Matter of

THE APPLICATION REGARDING  
THE CONVERSION AND  
ACQUISITION OF CONTROL OF  
PREMERA BLUE CROSS AND  
ITS AFFILIATES

No. G02-45

PRE-FILED DIRECT TESTIMONY  
OF GARY L. TILLET

I, Gary L. Tillett, do hereby declare that the following facts are personally known to me and, if called upon to do so, I would testify to them.

1. I am now, and at all times pertinent herein was, a citizen of the United States and a resident of the State of Texas, over the age of eighteen (18) years, and competent to testify in a court of law.

2. I am a partner of PricewaterhouseCoopers LLP (PwC). PwC contracted with the OIC Staff to assist in the analysis and evaluation of the application submitted by Premera.

3. I have attached to this instrument as Exhibit "S-8" a copy of my current curriculum vitae that summarizes my credentials and expertise.

4. In connection with PwC's obligations under its contract with the OIC Staff, I participated in preparing several reports pertaining to my areas of expertise which contain my observations and conclusions. I have attached to this instrument the following documents containing my observations and conclusions:

1 a. Exhibit "S-9" which is a copy of a final report entitled "Accounting &  
2 Tax Evaluation of the Proposed Conversion of Premera Blue Cross of Washington" as  
3 of February 26, 2003, except 2003 information which is August 29, 2003, in the  
4 preparation of which I participated.

5 b. Exhibit "S-10" a copy of a supplemental report taking into consideration  
6 Premera's revisions to its Form A Statement that were submitted on February 5, 2004  
7 comprising a letter to James T. Odiorne from PwC dated February 27, 2004. I  
8 participated in the preparation of Exhibit "S-10."

9 5. My responsibility in the preparation of Exhibit "S-9" was, and therefore  
10 my testimony is, limited to those portions of Exhibit "S-9" for which I am primarily  
11 responsible. I am primarily responsible for the preparation of the entire Exhibit "S-9"  
12 except for the last two paragraphs on page 18 and pages 78 through 82.

13 6. Exhibits "S-8," "S-9," and "S-10" are incorporated herein as if set forth  
14 verbatim.

15 I declare under penalty of perjury under the laws of the State of Washington  
16 that the foregoing is true and correct.

17 Dated March 29, 2004 at Dallas, Texas.

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21 GARY L. TILLET  
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